

To the Members of the California State Senate:

I am returning Senate Bill 678 without my signature.

This bill would allow the State to sell or lease certain real property. However, it does not contain an exemption from the California Environmental Quality Act (CEQA).

The Department of General Services is required by law to submit a bill to the Legislature to dispose of any surplus land by sale, lease, or exchange. This process has worked well for over a decade. Over the years, the State has been authorized to sell or exchange dozens of properties, generating millions of dollars for the State of California, and these transactions contained legislatively authorized exemptions from CEQA.

However, beginning in 2005, the Legislature has selectively chosen to add millions of dollars in potential costs to this process by applying CEQA requirements prior to the sale of the State property. Under the provisions of voter approved Proposition 60A, revenues generated from the sale of surplus property are to be used to reduce the debt from the Economic Recovery Bonds approved in March 2004. Instead of generating revenue for the State to pay down debt, the Legislature has effectively placed properties like these at risk of incurring additional cost of administration and potential litigation – costs that are eventually passed on to the taxpayer. As I have stated repeatedly over the past two years, there is no reason to apply CEQA to properties that are being sold. CEQA is properly applied when the use and zoning of real property is changed not when it is simply sold.

I would be willing to consider this bill in the future, should it contain the CEQA exemption. Until that time, I am unable to sign this measure.

Sincerely,

Arnold Schwarzenegger